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PRODUCTIVITY AND THE U.S. ECONOMY

ANNCR:

PRODUCTIVITY IS A VITAL FACTOR IN IMPROVED LIVING STANDARDS THROUGHOUT THE WORLD. AND INCREASINGLY IN THE UNITED STATES PRODUCTIVITY IS UNDER CLOSE SCRUTINY. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT:

VOICE:

PRODUCTIVITY GROWTH HAS RESULTED IN BETTER LIVING FOR AMERICANS AND OTHER PEOPLES. FOR RISING PRODUCTIVITY MEANS THAT AN ECONOMY IS TURNING OUT MORE GOODS AND SERVICES FROM THE COMBINATION OF FACTORS WHICH CONTRIBUTE TO OUTPUT. AND THIS IS WHY ECONOMISTS AND OTHERS ARE CLOSELY MONITORING THE PRODUCTIVITY RATE IN THE UNITED STATES.

NEW STUDIES BY BOTH THE U.S. COMMERCE DEPARTMENT AND PRIVATE RESEARCH GROUPS (BROOKINGS INSTITUTION, HARVARD UNIVERSITY, THE CONFERENCE BOARD) SHOW THAT PRODUCTIVITY IN U.S. INDUSTRY DURING THE PAST YEAR HAS RECEDED FROM EARLIER LEVELS. AND THIS HAS ENGENDERED PROPOSALS FOR BOOSTING PRODUCTIVITY.

MOST PRODUCTIVITY REPORTS REFER TO JUST ONE OF THE FACTORS OF PRODUCTIVITY -- LABOR -- AND MEASURE LABOR PRODUCTIVITY AS OUTPUT PER WORKER HOUR. HOWEVER, THE TREND IS TOWARD SO-CALLED TOTAL-FACTOR PRODUCTIVITY, WHICH INCLUDES THE AMOUNT OF INVESTED CAPITAL USED IN CONJUNCTION WITH LABOR. CAPITAL PURCHASES BUILDINGS, MACHINERY AND MATERIALS. SO IN EVALUATING PRODUCTIVITY, BOTH THE HUMAN AND THE MATERIAL IMPUTS MUST BE CONSIDERED.

THE AMOUNT OF CAPITAL INVESTED PER WORKER IN U.S. INDUSTRY HAS EDGED STEADILY UPWARD. IN 1976 IT HAD REACHED FORTY-TWO THOUSAND DOLLARS -- COMPARED TO ABOUT TWENTY-EIGHT THOUSAND

DOLLARS IN 1948. ALSO, THERE HAS BEEN AN INCREASED SHARE OF CAPITAL INVESTMENT FOR POLLUTION CONTROL, OCCUPATIONAL SAFETY AND OTHER EXPENSES WHICH DO NOT CONTRIBUTE DIRECTLY TO OUTPUT OF GOODS AND SERVICES.

AS FOR THE HUMAN ELEMENT IN PRODUCTIVITY, TODAY'S LABOR FORCE IN AMERICA HAS A HIGHER PROPORTION OF WOMEN AND YOUNG PEOPLE, WHO TEND TO BE LESS EXPERIENCED. THIS RESULTS IN SOME INSTANCES IN LOWER PRODUCTIVITY STANDARDS.

MOST BUSINESS EXECUTIVES SURVEYED AGREE THAT PRODUCTIVITY GAINS ARE MORE DIFFICULT TO ATTAIN THAN IN THE PAST. AND YET, THERE MUST BE FUTURE PRODUCTIVITY GROWTH TO KEEP COSTS DOWN. MANY FIRMS SAY THAT CHANGES IN EMPLOYEE-MANAGEMENT RELATIONS PRODUCE POSITIVE RESULTS. THESE INCLUDE MORE WORKER PARTICIPATION IN PRODUCTION PLANNING THROUGH REPRESENTATION AT STAFF MEETINGS. ALSO, WORKERS IN SOME PLANTS HAVE BEEN GIVEN GREATER FLEXIBILITY IN PERFORMING DIFFERENT TASKS. ONE COMPANY, WHICH MAKES A VARIETY OF PRODUCTS -- FROM LOCKS TO FORK LIFT TRUCKS -- SAYS THAT NEW WORKER PROGRAMS HAVE INCREASED HOURLY PRODUCT OUTPUT IN ITS NEWEST PLANTS BY AS MUCH AS THIRTY-FIVE PER CENT.

JS/RCS